



AUDITOR - GENERAL
SOUTH AFRICA

The Acting Accounting Officer
Mhlontlo Local Municipality
P.O. Box 31
Qumbu
5180

28 January 2015

Reference: 18254REG13-14

Dear Sir

With reference to Annexure A of Circular No. 72 (Municipal Budget Circular for the 2014/15 MTREF), please find enclosed the following stamped documents:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets; and
- Cash Flow statement

Yours sincerely

Ingrid Harris
Senior Manager: Eastern Cape

Enquiries: Ingrid Harris
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Mhlontlo Local Municipality

Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

	Notes	2014 R	2013 Restated* R
Assets			
Current Assets			
Receivables from exchange transactions	2	-	3,362
Receivables from non-exchange transactions	3	6,992,338	801,911
VAT receivable	4	727,498	1,517,788
Consumer debtors	5	2,532,868	2,319,055
Cash and cash equivalents	6	2,361,357	35,140,912
		12,614,061	39,783,028
Non-Current Assets			
Investment property	7	27,442,135	27,442,135
Property, plant and equipment	8	126,050,242	99,888,871
Intangible assets	9	1,308,352	1,030,808
Heritage assets	10	119,400	119,400
		154,920,129	128,481,214
Total Assets		167,534,190	168,264,242
Liabilities			
Current Liabilities			
Bank overdraft	6	352,104	-
Payables from exchange transactions	11	16,689,960	2,570,777
Employee benefit obligation	12	4,710,922	3,589,563
Unspent conditional grants and receipts	13	2,010,663	12,697,339
Provisions	14	3,800,000	790,000
		27,563,649	19,647,679
Non-Current Liabilities			
Provisions	14	4,344,672	4,094,884
Total Liabilities		31,908,321	23,742,563
Net Assets		135,625,869	144,521,679
Accumulated surplus		135,625,869	144,521,679

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Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

	Notes	2014 R	2013 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	15	568,071	565,712
Rental of facilities and equipment		69,764	63,683
Licences and permits		1,141,491	1,123,927
Other income	16	1,919,978	2,171,667
Interest received - investment	17	2,157,714	2,314,276
Total revenue from exchange transactions		5,857,018	6,239,265
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	18	7,608,225	7,269,648
Transfer revenue			
Government grants and subsidies	19	159,964,759	138,012,981
Other revenue			
Fines		183,379	150,880
Commission received		12,350	47,712
Total revenue from non-exchange transactions		167,768,713	145,481,221
Total revenue		173,625,731	151,720,486
Expenditure			
Personnel	20	(60,980,840)	(51,307,156)
Remuneration of councillors	21	(13,630,791)	(13,315,986)
Depreciation and amortisation	22	(15,779,889)	(11,239,112)
Finance costs	23	(30,239)	(151,169)
Debt impairment	24	(1,719,939)	(989,399)
Repairs and maintenance		(5,893,871)	(2,423,128)
Contracted services	25	(2,788,135)	(1,896,100)
Operating grant expenditure	26	(22,551,889)	(20,599,589)
Loss on disposal of assets		(161,053)	(46,534)
General Expenses	27	(58,041,461)	(34,111,344)
Operating lease	27	(716,640)	(685,774)
Interest on Landfill site		(226,794)	(213,022)
Total expenditure		(182,521,541)	(136,978,313)
Operating (deficit) / surplus		(8,895,810)	14,742,173
(Deficit) / surplus for the year		(8,895,810)	14,742,173

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Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

		Accumulated surplus R	Total net assets R
Opening balance as previously reported		127,588,299	127,588,299
Adjustments			
Correction of errors	35	2,191,207	2,191,207
Balance at 01 July 2012 as restated*		129,779,506	129,779,506
Changes in net assets			
Surplus for the year		14,742,173	14,742,173
Total changes		14,742,173	14,742,173
Restated* Balance at 01 July 2013		144,521,679	144,521,679
Changes in net assets			
Surplus for the year		(8,895,810)	(8,895,810)
Total changes		(8,895,810)	(8,895,810)
Balance at 30 June 2014		135,625,869	135,625,869

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Financial Statements for the year ended 30 June 2014

Cash Flow Statement

	Notes	2014 R	2013 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		7,858,924	10,079,553
Grants		159,965,135	140,077,416
Interest income		2,157,714	2,314,278
Other receipts		3,326,962	3,557,869
		<u>173,308,735</u>	<u>156,029,116</u>
Payments			
Employee costs		(74,611,630)	(64,623,142)
Suppliers		(89,418,667)	(49,607,847)
Finance costs		(30,239)	(151,169)
		<u>(164,060,536)</u>	<u>(114,382,158)</u>
Net cash flows from operating activities	29	<u>9,248,199</u>	<u>41,646,958</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(41,795,733)	(20,135,829)
Purchase of other intangible assets	9	(584,125)	(440,780)
Net cash flows from investing activities		<u>(42,379,858)</u>	<u>(20,576,609)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(33,131,659)</u>	<u>21,070,349</u>
Cash and cash equivalents at the beginning of the year		35,140,912	14,070,562
Cash and cash equivalents at the end of the year	6	<u>2,009,253</u>	<u>35,140,911</u>

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